



MARYLAND OPPORTUNITY ZONES



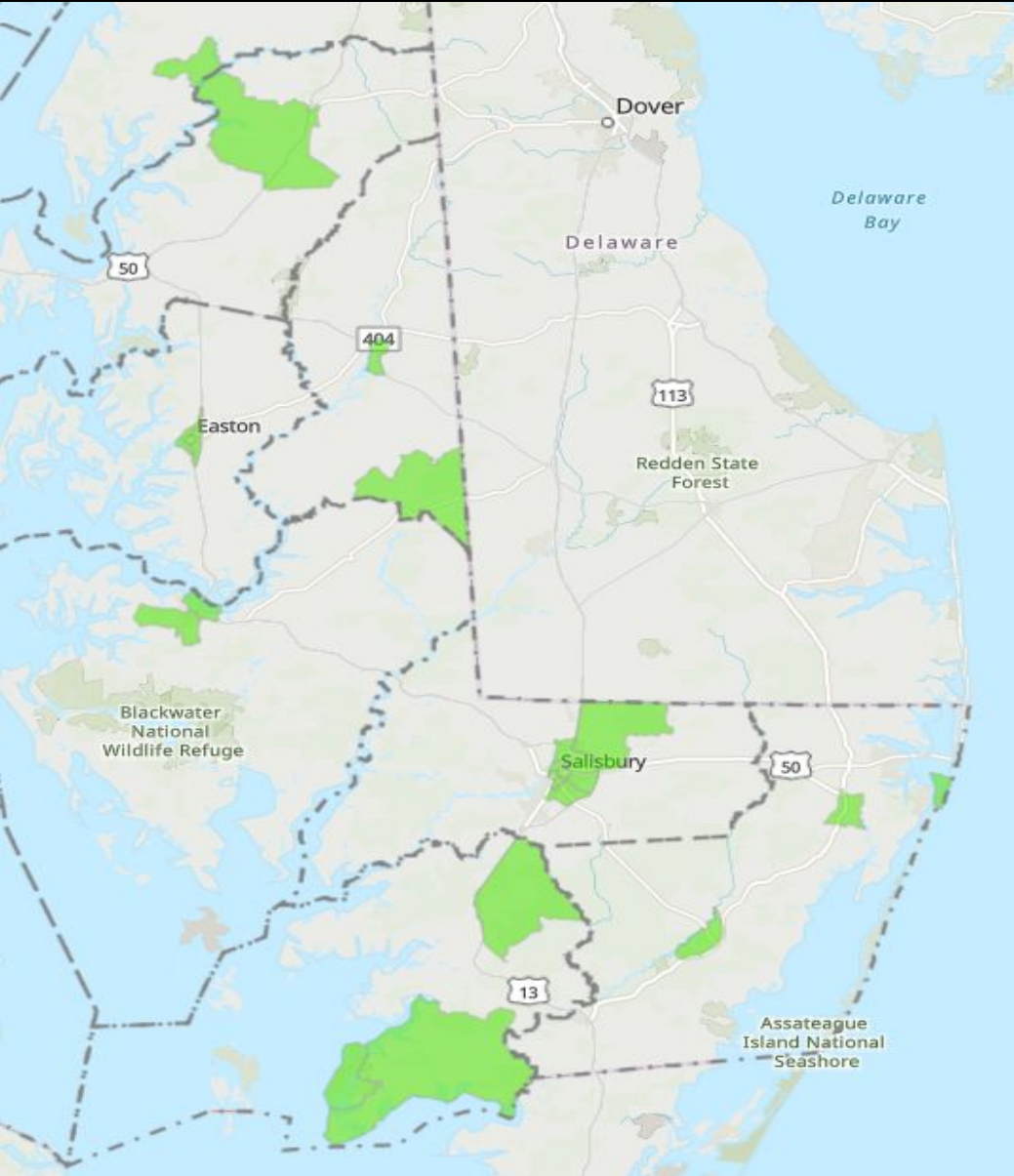
Opportunity Zone Leadership Taskforce

March 14, 2019
Salisbury, MD

- **December 2017** **H.R. 1 - Opportunity Zone Legislation passes**
- **March 2018** **Governor Hogan submits nominated OZs**
- June 14, 2018 US Treasury designates Maryland's 149 Opportunity Zones
- **July 30, 2018** **DHCD / Commerce hold Opportunity Zone Conference**
- October 18, 2018 IRS Guidance
- **January 3, 2019** **Governor Hogan announces OZ Initiatives & Launch of OZ Info-Exchange**
- February 20, 2019 Governor's OZ Leadership Task force – Kickoff meeting
- February 22, 2019 Closed NBWOZ loan to Clene Nanomedicine, Inc.
- **March 14, 2019** **Governor's Regional OZ Meeting - Salisbury area**
- March /April 2019 IRS Guidance – Fund Structures, Investment in Operating Business
- Summer/Fall 2019 IRS Guidance – Reporting and loose ends

January 3, 2019 - OZ Leadership task force led by Lt. Governor Boyd Rutherford

- **Outcomes**
 - Regional Sessions: Today, Southern MD (TBD), Western MD,
 - Opportunity Zone Plan
- **Legislative / Funding - \$56.5 million**
 - COMMERCE - Tax Credits for creating new jobs / expanding job in OZs – \$6M
 - DLLR - Workforce training (EARN) - \$3M
 - DHCD – grants & loans - \$31.5M
 - Rental Financing
 - Strategic Demolition
 - Neighborhood Business Works
 - TEDCO – Strategic Infrastructure Investment Fund - \$16M



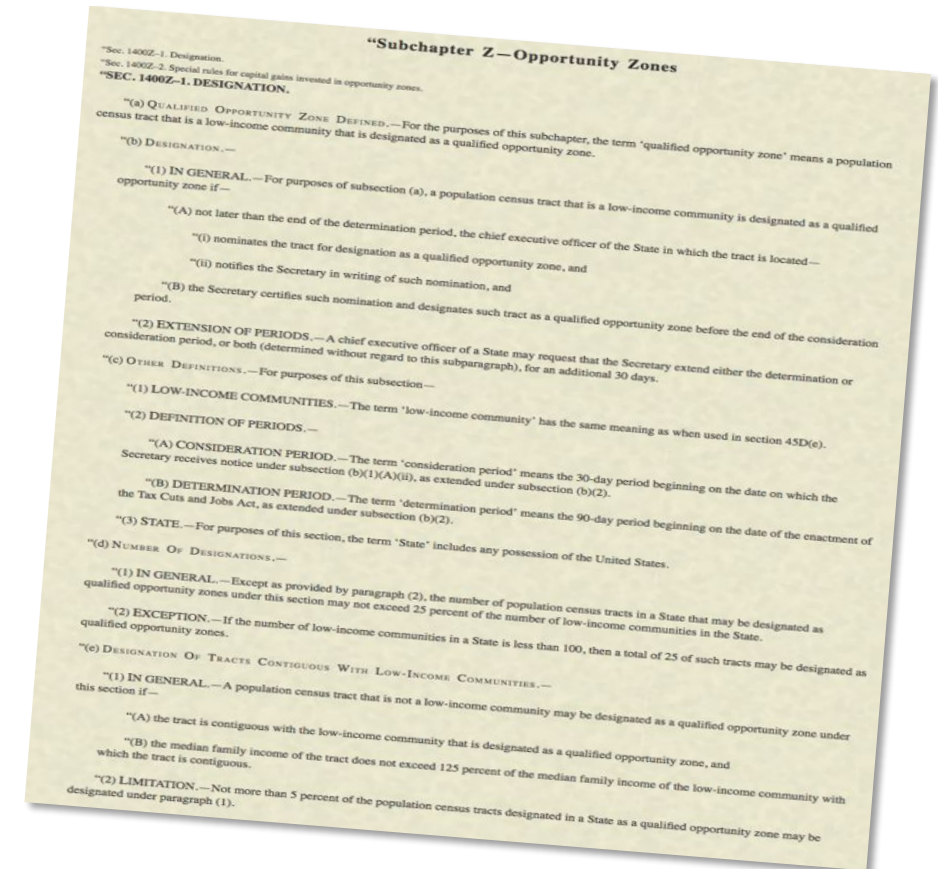
County	# of OZs	Cities
Kent	1	Chestertown
Queen Anne's	1	Churchill, Kingstown
Caroline	2	Denton, Federalsburg
Talbot	2	Easton
Dorchester	2	Cambridge
Wicomico	7	Salisbury
Worcester	3	Snow Hill, Ocean City
Somerset	3	Princess Anne, Crisfield
Total OZs	21	

Jurisdiction	# of OZs	Project Name	Type	Description	City
Kent	1	Dixon Valve Distribution Center	Manufacturing	Dixon Valve broke ground in 2017 to build a 150,000 sf state of the art distribution center in Chestertown.	Chestertown
Queen Anne's	1	Queen Anne's County Department of Economic and Tourism Development	General	Town of Church Hill , Kingstown	Chester
Talbot	2	Building Investment Opportunity	Residential	Lots available for the construction of more townhomes in Douglass Landing. Listing includes lots 48,49,50,51,52. Building plans may be available. Front foot fees apply.	Easton
Caroline	2	Federalsburg, MD Caroline County	Industrial	City of Denton , Federalsburg	Federalsburg
Dorchester	2	Cambridge Waterfront, Phillips Packing House, River Marsh	Mix Use	Cambridge Waterfront Development, Inc. seeks developers and financing for approximately 25 acres with a deep-water port, 470-foot wharf and public promenade along the scenic Choptank River.	Cambridge
Wicomico	7	Salisbury Town Center, Project Malt	Industrial	Investment opportunity in a malt processing plant for distribution to support craft brewery market along East Coast.	Salisbury
Worcester	3	309 N. Washington St.	General	Previously a PNC Bank, this riverfront property has a beautiful brick infrastructure and is ready to be upgraded! The Town of Snow Hill is searching for investors to turn this property into a riverfront restaurant with outdoor dining, which our town is in need of. We have had design renderings completed for this project that we will gladly share with potential investors. The town has grant funding opportunities available.	Snow Hill, Ocean City
Somerset	3	IES Life Sciences, Inc.	Technology	IES Life Sciences, Inc. ("IES") is an innovative molecular diagnostics company harnessing the power of the immune system to diagnosis difficult to identify viruses and diseases, at the earliest stage, with a simple blood test. IES is initially focused on Lupus, Rheumatoid Arthritis and Lyme Disease.	Princess Anne, Crisfield
Total OZs	21				

Background on Opportunity Zones

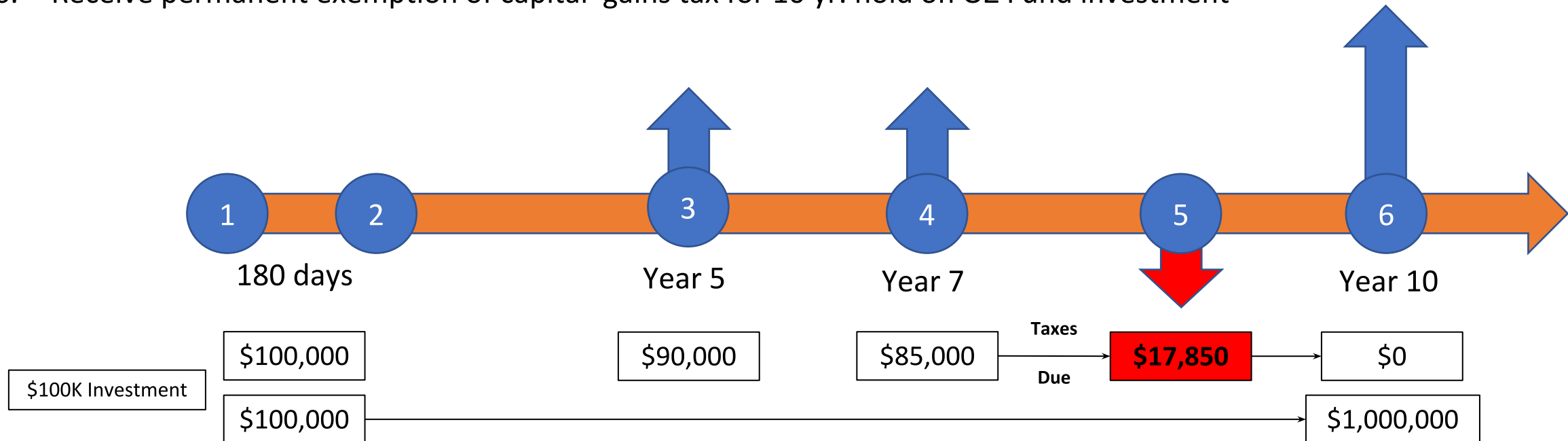
Opportunity Zones will help connect low-income communities with needed capital.

- **Capital** – U.S. households and corporations were sitting on an estimated **\$6.1 trillion** in unrealized capital gains at the end of 2017.
- **Connect** – Opportunity Zones offer a frictionless way for investors to dedicate all or a portion of their winnings to seeding the next generation of enterprise in distressed communities all across the country. In exchange, investors get a graduated series of federal tax incentives tied to **long-term holdings**.

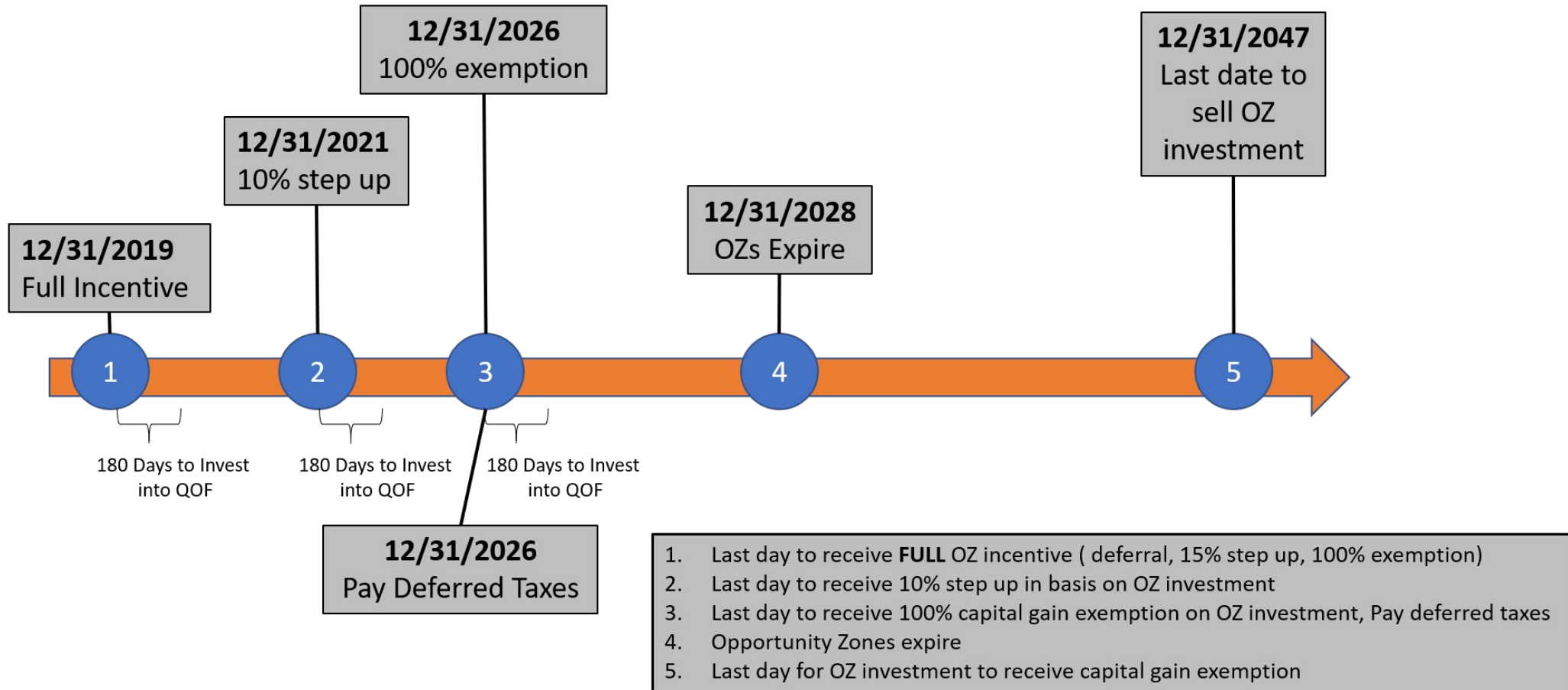


Source: EIG analysis of the Federal Reserve's Survey of Consumer Finances and Financial Accounts of the United States

1. Realize gain from any capital gain triggering event
2. Invest in OZ Fund within 180 days
3. Receive 10% step up basis for 5 yr. hold of OZ Fund investment
4. Receive additional 5% step up basis for 7 yr. hold of OZ Fund investment
5. Pay deferred capital gain taxes due for Step 1(85% of original) by 12/31/2026
6. Receive permanent exemption of capital gains tax for 10 yr. hold on OZ Fund investment



OZ Incentive Timeline



Investors

- Most valuable for 10 year investments in appreciating assets
- Six months to invest after realizing a capital gain
- Another six months to deploy 90% of capital in Zones
- Capital is required to be an equity investment

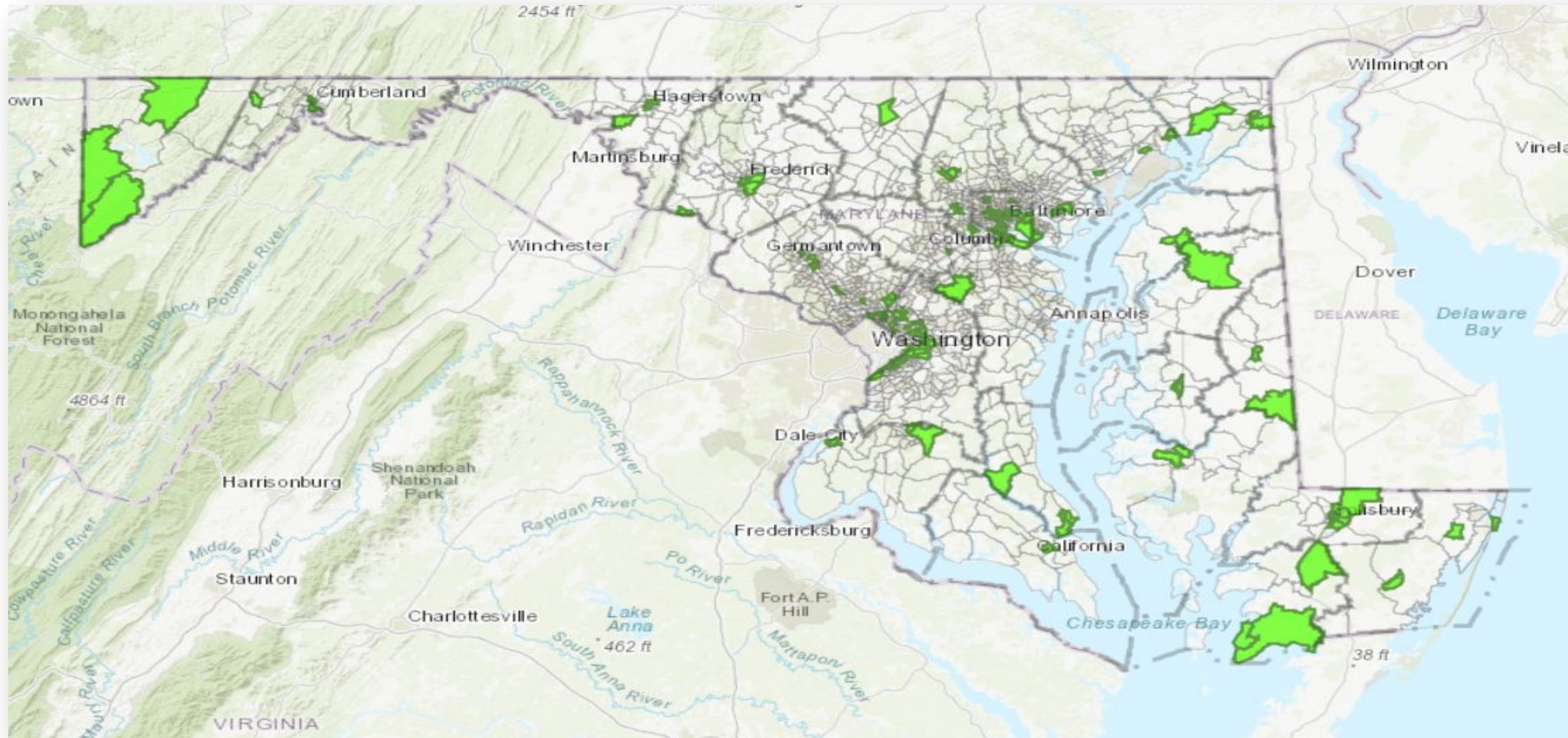
Funds

- All capital must flow through an Opportunity Zone Fund
- Opportunity Zone Funds must be established
- Opportunity Zone Funds are self-certified via an IRS tax form
- 90% of fund assets must be invested in Opportunity Zone

Investments

- Must be equity investments
- Real estate investments must include substantial rehabilitation
- “Sin businesses” are not eligible
- Other requirements include property use in “active conduct of business” and limits on assets held in cash

Maryland Opportunity Zones

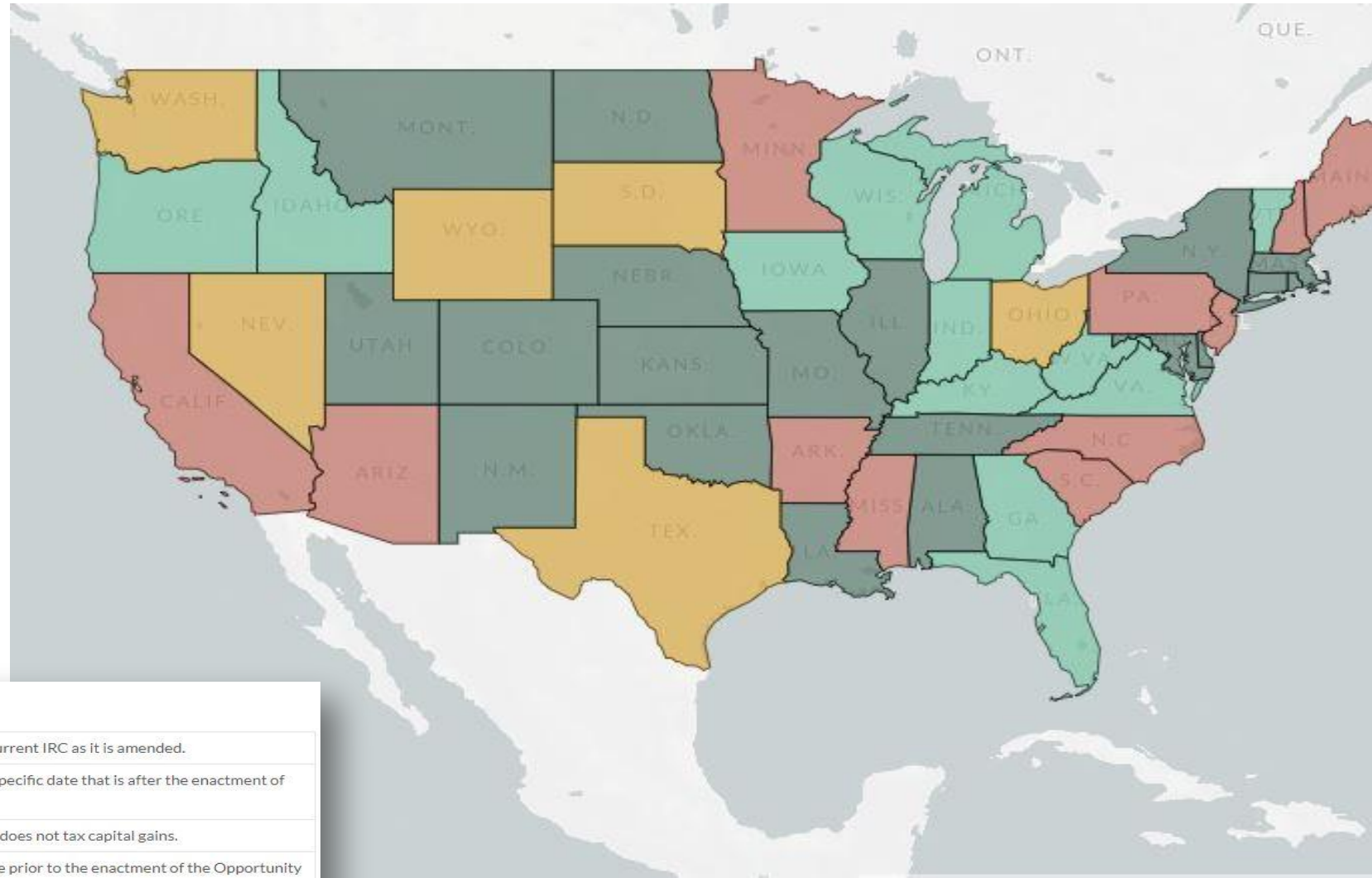


	# of Designated Opportunity Zones
County	
Allegany	4
Anne Arundel	4
Baltimore County	10
Baltimore City	42
Calvert	3
Caroline	2
Carroll	1
Cecil	3
Charles	3
Dorchester	2
Frederick	5
Garrett	3
Harford	4
Howard	1
Kent	1
Montgomery	14
Prince George's	25
Queen Anne's	1
Somerset	3
St. Mary's	1
Talbot	2
Washington	5
Wicomico	7
Worcester	3
Total	149

State and Departmental Recommendations

- Align Maryland policies, regulations, and legislation to leverage Opportunity Zones
- Work with local jurisdictions on “One Stop” permitting
- Coordinate with federal, state, local government, developers and investors
- DHCD – update Qualified Allocation Plan (QAP) to provide multifamily housing incentives
- DHCD – provide loans and grants to leverage Opportunity Zone investments
- DHCD – establish information exchange to attract private sector capital

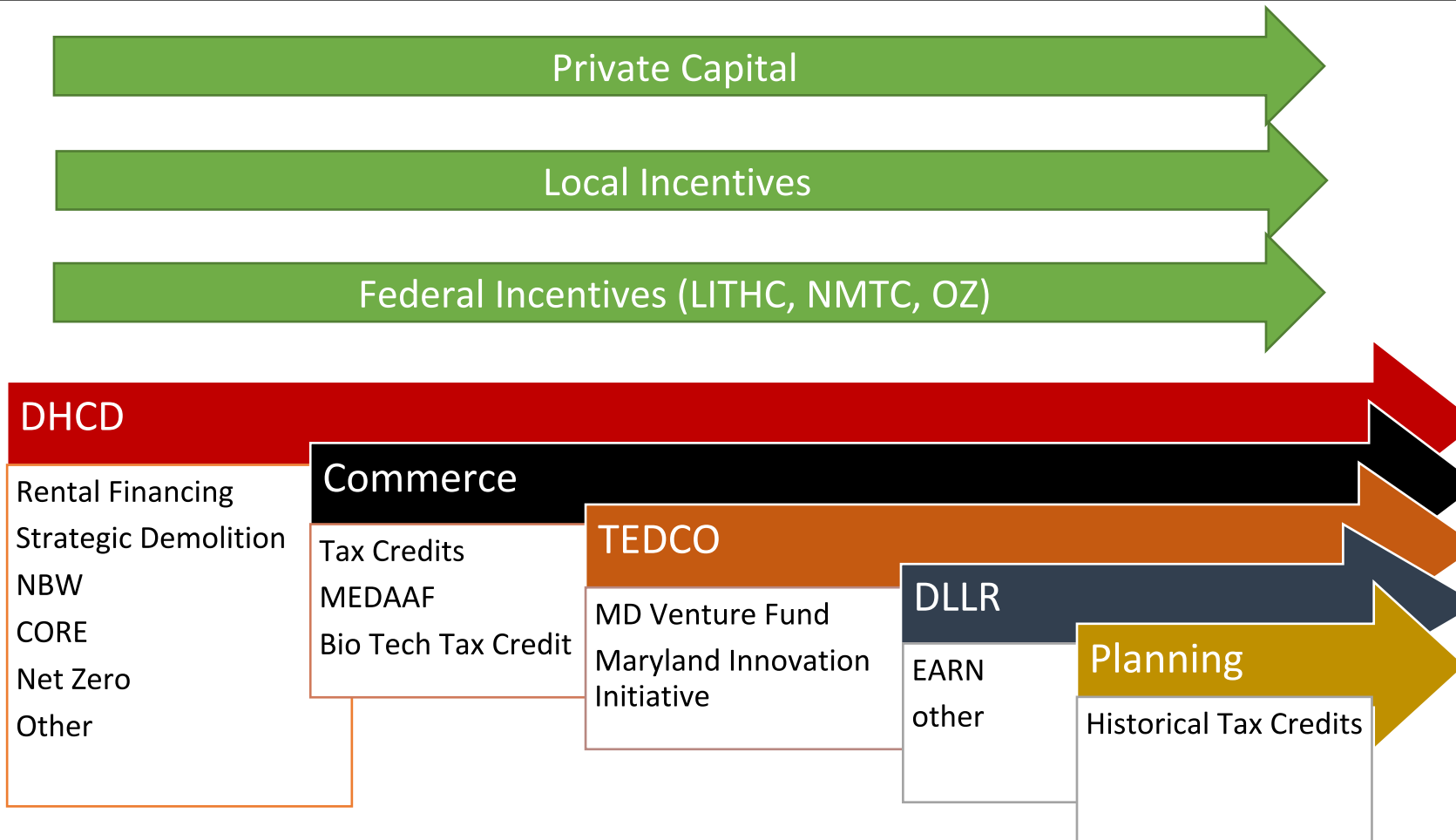
- In Maryland, both personal and corporate income taxes use federally calculated AGI as the starting point
- Maryland automatically conforms to the current federal tax code



Legend

	Conforming - Rolling: The state automatically conforms to the current IRC as it is amended.
	Conforming - Fixed Date: The state conforms to the IRC as of a specific date that is after the enactment of the Opportunity Zones legislation.
	No Capital Gains: The state has no state income tax or generally does not tax capital gains.
	Nonconforming: The state conforms to the IRC as of specific date prior to the enactment of the Opportunity Zones legislation or the state has specifically decoupled from the Opportunity Zones provisions of the IRC.

Source – Novogradac website



Project



Hi-tech business

DHCD's multiple funding programs can make a concentrated impact in OZs when combined with other State agencies and the private marketplace.

Opportunity Zones – Information Exchange

- A virtual meet up for investors, fund managers, property developers, new or expanding businesses, and local stakeholders
- A bulletin board tracking OZ news and investment activity
- A project / business locator for interested investors
- A search tool for financial incentives based on address and/or area



Opportunity Zone Listings

1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD
Project - Mix

102 W. Potomac Street - Brunswick
Project - General

108.41 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD
Project - Mix

1100 Wicomico
Project - Office

1231 Tech Court
Project - Office

17.798 Acre Parcel Zoned Limited Commercial Industrial in Lexington Park, MD
Project - Retail

1787 Capital Fund - Mix

1812 Greenmount
Project - Mix

2.21 Acre Parcel, Zoned High-Intensity Mixed Use in Lexington Park, MD
Project - Mix

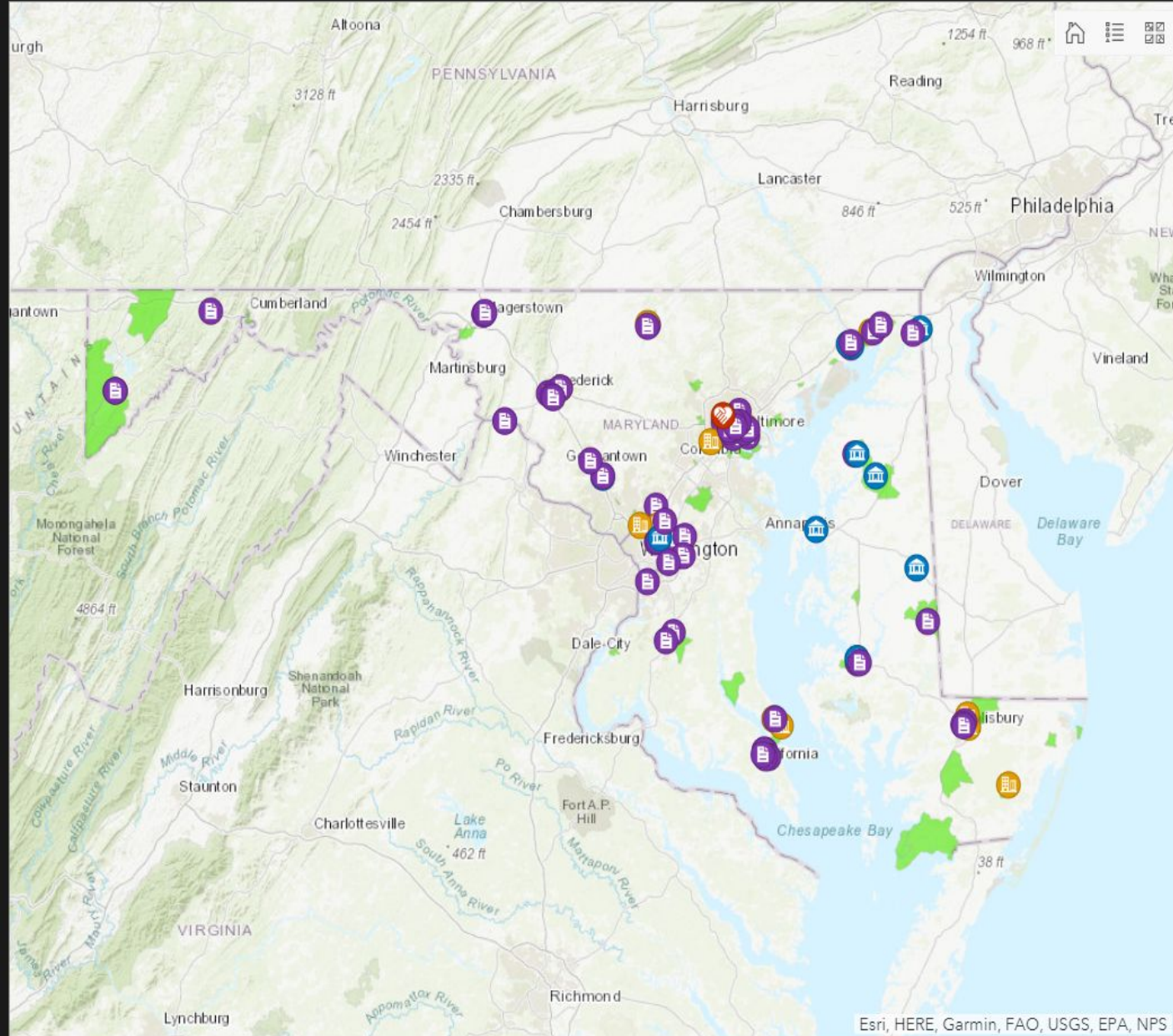
2.34 Acre Parcel Zoned High-Intensity Mixed Use in Lexington Park, MD
Project - Mix

2.59 Acre Parcel Zoned High Intensity Mixed Use in Lexington Park, MD
Project - Mix

200-204 East Diamond Avenue
Project - Mix

22.286 Acre Parcel Zoned High-intensity Mixed Use in Lexington Park, MD

Select a product from list to get more information



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1 of 130

Listing Contact Information

Name:

1.539 Acre Parcel, Zoned High-Intensity Mixed Use, in Lexington Park, MD

Listing Type:

Project

Description:

1.539 acre parcel in Lexington Park, MD zoned high-intensity mixed use. About Lexington Park Lexington Park in St. Mary's County, Maryland offers coastal, country living in a high-tech world. With the most coastline of any county in Maryland and tobacco barns peppering the landscape, you can experience beautiful, bucolic landscapes and perfectly prepared raw oysters. Lexington Park is home to Naval Air Station Patuxent River, where \$40 billion of Navy procurement, research, development, test and evaluation takes place every year. That brings a substantial base of highly-skilled engineers, lawyers, and other business professionals, as well as advanced manufacturing trades. Economic Snapshot - Has the country's 5th highest concentration of high-tech workers - Ranked the 4th best place for tech jobs in the country (Nerdwallet) - 34 is the median age - Average income per household in 2016: \$86,810 - 55 miles from Washington, D.C.

Address:

46231 CORPORATE WAY, Lexington Park, Maryland 20653

Jurisdiction:

St. Mary's

Contact Information:

Christine Brooks
christine@millisonmanagement.com

Click the symbol on map to get more specific information on this product



MARYLAND OPPORTUNITY ZONES



Link to [Information-Exchange](#)

Link to [DHCD Opportunity Zones](#)

Link to [Task Force Homepage](#)

Questions Contact:

Frank Dickson

Director, Strategic Business Initiatives

Department of Housing and Community Development

Frank.dickson1@maryland.gov

301.429.7425